United States
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Agriculture

Office of
Public Affairs

Selected Speeches and News Releases

August 20 - August 26, 1992

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U.S. Department of Agriculture • Office of Public Affairs

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USDA PROPOSES TO ALLOW IMPORTATION OF CHILEAN CHERIMOYAS

WASHINGTON, Aug 20—The U.S. Department of Agriculture today proposed allowing the importation of Chilean cherimoyas (a subtropical fruit of the custard-apple family) under certain restrictions.

"We believe the fruit can safely enter the United States from specific provinces known to be free of the Mediterranean fruit fly provided the fruit has been subjected to methyl bromide fumigation or a soapy water and wax treatment," said B. Glen Lee, deputy administrator for plant protection and quarantine with USDA's Animal and Plant Health Inspection Service.

Those treatments would safeguard against the introduction of the "Chile false red mite of grapes," a destructive pest not known to occur in the United States.

"Under the proposed circumstances, we believe there is minimal risk of introducing either the Medfly or the mite," Lee said.

Inspections by APHIS officials would preclude the entry of other pests. Unlike the Medfly or the red mite of grapes, all other injurious pests that might be carried by Chilean cherimoyas are readily detectable through visual inspection, Lee said.

The proposal is scheduled for publication in the Aug. 20 Federal Register. Comments will be accepted if they are received on or before Sept. 21. An original and three copies of written comments referring to docket 91-160-1 should be sent to Chief, Regulatory Analysis and Development, PPD, APHIS, USDA, Room 804 Federal Building, 6505 Belcrest Road, Hyattsville, Md. 20782.

Comments may be inspected at USDA, Room 1141-S, 14th Street and Independence Ave., S.W., Washington, D.C., between 8 a.m. and 4:30 p.m., Monday through Friday, except holidays.

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USDA DECLARES ILLINOIS AND INDIANA FREE OF BOVINE BRUCELLOSIS

WASHINGTON, Aug. 20—The U.S. Department of Agriculture has declared Illinois and Indiana to be free of cattle brucellosis. These states join 31 others, plus Puerto Rico and the U.S. Virgin Islands, that have eradicated this costly cattle disease.

"The combined efforts of state officials, private and public veterinarians, the livestock industry and many others helped these states advance from class A to free status," said Billy G. Johnson, deputy administrator for veterinary services, USDA's Animal and Plant Health Inspection Service.

Disease-free status is attained when no cattle in a state are found to be infected for 12 consecutive months and other program requirements are met. USDA lifts certain restrictions on interstate cattle movement from states reaching free status.

Class A status means no more than 0.25 percent of a state's herds are infected. To date, 18 states are classified as class A and only one state remains in class B, representing a herd-infection rate higher than 0.25 percent but lower than 1.5 percent.

Brucellosis, also called Bang's disease, is an infectious, contagious bacterial disease that causes abortion, reduced fertility and lower milk yields in cattle. Humans can be infected by drinking unpasteurized milk from infected animals or by handling fetuses from brucellosis-infected animals.

The interim rule declaring Illinois and Indiana free of cattle brucellosis is effective Aug. 20. Comments on the action will be accepted if they are received on or before Oct. 19. An original and three copies should be sent to Chief, Regulatory Analysis and Development, PPD, APHIS, USDA, Room 804 Federal Building, 6505 Belcrest Road, Hyattsville, Md. 20782. Comments may be inspected at USDA, Room 1141-S, 14th and Independence Ave., S.W., Washington, D.C., between 8 a.m. and 4:30 p.m., Monday through Friday, except holidays.

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Alicia L. Ford (202) 720-8998
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USDA PROTECTS 31 NEW PLANT VARIETIES AND REISSUES ONE CERTIFICATE

WASHINGTON, Aug. 20—The U.S. Department of Agriculture has issued certificates of protection to developers of 31 new varieties of seed-reproduced plants including bean, corn, lettuce and soybean.

Kenneth H. Evans, an official with USDA's Agricultural Marketing Service, said developers of the new varieties will have the exclusive right to reproduce, sell, import and export their products in the United States for 18 years. Certificates of protection are granted after a review of the breeders' records and claims that each new variety is novel, uniform and stable.

The following varieties have been issued certificates of protection:

—the Vista variety of field bean, developed by Gen-Tec Seeds Ltd., Woodslee, Ontario;

—the Early Sunray variety of garden bean, developed by Bakker Brothers of Idaho Inc., Huston, Idaho;

—the Hialeah variety of garden bean, developed by the Ferry-Morse Seed Co., San Juan Bautista, Calif.;

—the Tema and Brio varieties of garden bean, developed by the Asgrow Seed Co., Kalamazoo, Mich.;

—the Label, Vilbel, Castel and Axel varieties of garden bean, developed by Vilmorin S.A., Beaufort en Vallee, France;

—the Sunrae variety of garden bean, developed by the Rogers NK Seed Co., Boise, Idaho;

—the Gold Mine variety of garden bean, developed by the Asgrow Seed Co., Kalamazoo, Mich.;

—the PHBA6, PHGV6, PHGW7, PHHV4, PHN18, PHP85, PHPR5, PHR30, PHT47, PHT69, PHV53, PHVA9 and PHWG5 varieties of corn, developed by Pioneer Hi-Bred International Inc., Johnston, Iowa;

—the Vulcan variety of lettuce, developed by Sakata Seed America Inc., Morgan Hill, Calif.;

—the Sangria and Sudia varieties of lettuce, developed by Vilmorin S.A., Beaufort en Vallee, France;

—the Raider and Rambo varieties of lettuce, developed by Genecorp Inc., Salinas, Calif.;

—the Ultra Green variety of lettuce, developed by Brinker Orsetti Seed Co. Inc., Summit Seeds Inc., Hollister, Calif.; and,

—the Buckshot 723 variety of soybean developed by the Louisiana Agricultural Experiment Station, Baton Rouge.

The certificate of protection for the Paymaster HS 26 cotton variety, developed by Cargill, Inc., is being reissued at this time specifying that seed of the variety may be sold by variety name only as a class of certified seed.

The certificates of protection for the Vista field bean variety and the Vulcan lettuce variety are being issued to be sold by variety name only as a class of certified seed, and to conform to the number of generations specified by the owner.

USDA's Agricultural Marketing Service administers the plant variety protection program which provides marketing protection to developers of new and distinctive seed-reproduced plants ranging from farm crops to flowers.

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Bruce Merkle (202) 720-8206

USDA ANNOUNCES FINAL RULE FOR CCC SUGAR PRICE SUPPORT PROGRAM

WASHINGTON, Aug. 20—A final rule amending sugar price support program regulations was announced today by Keith Bjerke, executive vice president of the U.S. Department of Agriculture's Commodity Credit Corporation.

Bjerke said the final rule is unchanged from the interim rule published in the April 10, 1992 Federal Register.

The amendments are required because of changes made to the Agricultural Act of 1949 by the Food, Agriculture, Conservation and Trade Act Amendments of 1991.

The amendment to the final rule:

— Allows processors in areas where CCC determines that sugarcane is normally harvested during July, August and September to obtain CCC price support loans using sugar processed from that harvest as collateral. If these initial loans are repaid by Sept. 30, processors may request supplemental nonrecourse loans during October. These supplemental loans mature at the end of nine months minus the amount of time the initial loans were in effect. Formerly, this option applied only to processors of sugar beets.

— Provides that security interests obtained by CCC as a result of the execution of security agreements by the processors of sugarcane and sugar

beets shall be superior to all statutory and common law liens on raw cane sugar and refined beet sugar in favor of the producers of sugarcane and sugar beets and all prior recorded and unrecorded liens on crops of sugarcane and sugar beets from which the sugar was derived. Processors are no longer required to obtain and file, in the county ASCS office, lien waivers from all producers who deliver to that processor sugarcane or sugar beets for processing into sugar that is pledged as loan collateral for CCC price support loans.

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PLANT VARIETY PROTECTION BOARD TO MEET

WASHINGTON, Aug. 20—The Plant Variety Protection Advisory Board will meet from 8 a.m. to 4 p.m., Sept. 23, at the Beltsville Agricultural Research Center, Beltsville, Md.

Daniel D. Haley, administrator of USDA's Agricultural Marketing Service, said the board will discuss the proposed amendment of the Plant Variety Protection Act, which would make the act conform with the revised International Convention for the Protection of New Varieties of Plants.

The board will also discuss plant variety protection fees and other topics.

The meeting, which is open to the public, will be in the Bioscience Building, Bldg. 011A, Conference Room 119. For additional information, contact Kenneth Evans, Executive Secretary, Plant Variety Protection Advisory Board, National Agricultural Library Building, Beltsville, Md. 20705; telephone (301) 504-5518. Notice of the meeting will appear in the Aug. 21 Federal Register.

The PVPAB advises the secretary of agriculture on rules and regulations to implement the federal Plant Variety Protection Act.

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USDA ANNOUNCES PREVAILING WORLD MARKET PRICE AND USER MARKETING CERTIFICATE PAYMENT RATE FOR UPLAND COTTON

Washington, Aug. 20—Keith Bjerke, executive vice president of USDA's Commodity Credit Corporation, today announced the prevailing world market price, adjusted to U.S. quality and location (adjusted world price), for Strict Low Middling (SLM) 1-1/16 inch (micronaire 3.5-3.6 and 4.3-4.9, strength 24-25 grams per tex) upland cotton (base quality), the coarse count adjustment and the user marketing certificate payment rate in effect from 12:01 a.m. Friday, Aug. 21, through midnight Thursday, Aug. 27.

The Agricultural Act of 1949, as amended, provides that the AWP may be further adjusted if: (a) the AWP is less than 115 percent of the current crop year loan rate for base quality upland cotton, and (b) the Friday through Thursday average price quotation for the lowest-priced U.S. growth as quoted for Middling (M) 1-3/32 inch cotton, C.I.F. northern Europe (USNE price) exceeds the Northern Europe (NE) price. The maximum allowable adjustment is the difference btween the USNE price and the NE price.

A further adjustment to this week's calculated AWP may be made in accordance with this provision. The calculated AWP is 86 percent of the 1992 upland cotton base quality loan rate, and the USNE price exceeds the NE price by 3.48 cents per pound. Following are the relevant calculations:

I.	Calculated AWP	45.06 cents per pound
	1992 Base Loan Rate	52.35 cents per pound
	AWP as a Percent of Loan Rate	86
II.	USNE Price	62.45 cents per pound
	NE Price	-58.97 cents per pound
	Maximum Adjustment Allowed	3.48 cents per pound

Based on a consideration of the U.S. share of world exports, the current level of cotton export sales and cotton export shipments, and other relevant data, no further adjustment to this week's calculated AWP will be made. This week's AWP and coarse count adjustment are determined as follows:

Adjusted World Price

NE Price		58.97	
Adjustments:			
Average U.S. spot market location	12.05		
SLM 1-1/16 inch cotton	1.55		
Average U.S. location	0.31		
Sum of Adjustments		-13.91	
Calculated AWP		45.06	
Further AWP Adjustment		- 0	
ADJUSTED WORLD PRICE		45.06	cents/lb.

Coarse Count Adjustment

NE Price	58.97	
NE Coarse Count Price	-53.62	
	5.35	
Adjustment to SLM 1-1/32 inch cotton	-3.95	
COARSE COUNT ADJUSTMENT	1.40	cents/lb.

Because the AWP is below the 1990, 1991, and 1992 base quality loan rates of 50.27, 50.77, and 52.35 cents per pound, respectively, the loan repayment rate during this period is equal to the AWP, adjusted for the specific quality and location plus applicable interest and storage charges. The AWP will continue to be used to determine the value of upland cotton that is obtained in exchange for commodity certificates.

Because the AWP is below the 1992-crop loan rate, cash loan deficiency payments will be paid to eligible producers who agree to forgo obtaining a price support loan with respect to the 1992 crop. The payment rate is equal to the difference between the loan rate and the AWP. Producers are allowed to obtain a loan deficiency payment on a bale-by-bale basis.

This week's USNE price exceeded the NE price by more than 1.25 cents per pound and the AWP did not exceed 130 percent of the 1992 crop year base quality loan rate for four consecutive weeks. As a result, the user marketing certificate payment rate is 2.23 cents per pound. This rate is applicable during the Friday through Thursday period for bales opened by domestic users and for cotton contracts entered into by exporters for delivery prior to September 30, 1993. Relevant data used in determining the user marketing certificate payment rate as summarized below:

Week	For the Friday through Thursday Period	USNE Current Price	NE Current Price	USNE Minus NE	Certificate Payment Rate 1/
1	July 9, 1992	71.15	65.38	5.77	4.52
2	July 16, 1992	72.00	65.47	6.53	5.28
3	July 23, 1992	71.60	65.21	6.39	5.14
4	July 30, 1992	70.60	64.63	5.97	4.72

1/ USNE price minus NE price minus 1.25 cents. (f) based on forward quotations.

The next announcement of the AWP, coarse count adjustment and user marketing certificate payment rate will be made on Thursday, Aug. 27.

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USDA ISOLATES EXOTIC NEWCASTLE DISEASE IN NORTH DAKOTA TURKEYS

WASHINGTON, Aug. 20—The U.S. Department of Agriculture's Animal and Plant Heath Inspection Service has determined that an exotic Newcastle disease virus caused an outbreak of turkey illness in North Dakota.

APHIS officials will humanely destroy a flock of 26,000 turkeys in Benson County, N.D., to protect the poultry industry from a costly outbreak of this highly contagious disease. The owner of the poultry farm will receive market-value indemnity payments.

"A widespread outbreak of exotic Newcastle disease could devastate the poultry industry," said Billy G. Johnson, deputy administrator of APHIS' veterinary services program.

"We are committed to preventing the spread of this virus and strongly recommend that poultry farmers take all precautionary measures to prevent disease introduction to their flocks," Johnson said.

An additional 27,000 turkeys in another flock on the same premises are under quarantine, but do not appear to be affected by the virus, Johnson said.

Federal and state officials are working to survey poultry and waterfowl populations in a 10-mile radius of the affected farm for any signs of disease. Based on observations and laboratory tests, none of the surrounding farms appear to have been affected, Johnson said.

Scientists at the National Veterinary Services Laboratory, Ames, Iowa, have indicated the virus isolated in the turkeys is similar to the virus previously isolated from specimens submitted from colonial nesting birds in the Great Lakes area. Federal officials have found dead pelicans, cormorants and other birds in nesting colonies in Minnesota, South Dakota, Michigan, North Dakota, Ohio and Ontario, Canada.

Johnson said exotic Newcastle disease can affect all species of birds, particulary young birds and birds kept in confinement. Signs of this neurological form of the disease include respiratory distress, listlessness, weakness, incoordination and eventual paralysis. Epidemics in poultry flocks could result in losses of up to 95 percent.

Poultry producers should do the following to protect their flocks:

—Control the movement of all poultry and poultry products to prevent farm-to-farm contact.

—Permit only essential personnel and vehicles to enter the farm.

—Sanitize all vehicles, tires and crates used to transport poultry.

—Clean and disinfect all poultry houses before bringing in new birds.

—Vaccinate all poultry, especially flocks in open range areas and where possible, move poultry off the range.

—Provide clean clothing and disinfection facilities for all employees.

—Keep all birds in houses without openings or holes to prevent any possible contact with wild birds.

—Avoid using water for poultry from streams or ponds where wild birds are found.

APHIS is charged with diagnosing and preventing the spread of diseases such as exotic Newcastle disease. Additional information about biosecurity measures can be obtained from USDA-APHIS, LPA-Public Information, Room 613 Federal Building, 6505 Belcrest Road, Hyattsville, Md. 20782.

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ALTERNATIVE AGRICULTURE BOARD SEEKS PROJECTS TO FUND

WASHINGTON, Aug. 20—The U.S. Department of Agriculture's Alternative Agriculture Research and Commercialization (AARC) Center is looking for new and innovative uses for agricultural and forestry products—and it has money to invest.

“The AARC Board of Directors expects to invest $10 million to help develop and introduce marketable industrial products made from agricultural or forestry materials,” said Paul O’Connell, director of the AARC Center.

“Tee board is looking for commercially promising ideas that use starches/carbohydrates, fats and oils, fibers, forest materials or animal products,” O’Connell said. “The board is primarily interested in projects in the pre-commercial phase of development.”

The AARC Center will help fund those projects which are judged most likely to expand commercial use of agricultural materials. The center’s ultimate aim is to provide new markets for farmers, reduce the need for commodity support payments, spur rural economies and provide a better return to taxpayers for investments in research.

The AARC Center is accepting pre-proposals for projects.

Any organization or individual may submit a pre-proposal for consideration. Submissions are due no later than Oct. 30. Details for submitting a pre-proposal are in the Aug. 17 Federal Register.

The AARC Center is governed by a nine-member board of directors. Members were chosen, primarily from the private sector, for their skills in business.

The board, not government or university staff, will decide which projects receive funding, O’Connell said.

For more information, contact Beverly Gillot, (202) 401-4860 or Patricia Dunn (202) 401-4640.

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Rebecca Broeking (202) 720-3448
Diane O’Connor (202) 720-4026

ISRAEL ELIGIBLE FOR MORE BARLEY UNDER EXPORT ENHANCEMENT PROGRAM

WASHINGTON, Aug. 24—Acting Under Secretary of Agriculture R. Randall Green today announced an opportunity for sales of an additional 350,000 metric tons of U.S. barley to Israel under the U.S. Department of Agriculture’s Export Enhancement Program.

Sales of barley will be made to buyers in Israel through normal commercial channels at competitive world prices. These sales will be facilitated through the payment of bonuses by USDA’s Commodity Credit Corporation. The subsidy will enable U.S. exporters to compete at commercial prices in the Israeli market.

This allocation will be valid until June 30, 1993. Details of the program, including an invitation for offers from exporters, will be issued in the near future.

For more information call Randy Baxter (202) 720-5540, or Larry McElvain, (202) 720-6211.

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Rebecca Broeking (202) 720-3448
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SAUDI ARABIA ELIGIBLE FOR MORE BARLEY UNDER EXPORT ENHANCEMENT PROGRAM

WASHINGTON, Aug. 24—Acting Under Secretary of Agriculture R. Randall Green today announced an opportunity for sales of an additional 1.0 million metric tons of U.S. barley to Saudi Arabia under the U.S. Department of Agriculture's Export Enhancement Program.

Sales of barley will be made to buyers in Saudi Arabia through normal commercial channels at competitive world prices. These sales will be facilitated through the payment of bonuses by USDA's Commodity Credit Corporation. The subsidy will enable U.S. exporters to compete at commercial prices in the Saudi market.

This allocation will be valid until Sept. 30, 1993. Details of the program, including an invitation for offers from exporters, will be issued in the near future.

For more information call Richard J. Chavez (202) 720-5540, or Larry McElvain, (202) 720-6211.

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TURKEY ELIGIBLE FOR MORE VEGETABLE OIL UNDER EXPORT ENHANCEMENT PROGRAM

WASHINGTON, Aug. 24—Acting Under Secretary of Agriculture R. Randall Green today announced an opportunity for sales of an additional 40,000 metric tons of U.S. vegetable oil to Turkey under the U.S. Department of Agriculture's Export Enhancement Program.

Sales of vegetable oil will be made to buyers in Turkey through normal commercial channels at competitive world prices. These sales will b facilitated through the payment of bonuses by USDA's Commodity Credit Corporation. The subsidy will enable U.S. exporters to compete at commercial prices in the Turkish market.

This allocation will be valid for a one-year period as provided for in the invitation for offers. Details of the program, including an invitation for offers from exporters, will be issued in the near future.

For more information call Randy Baxter (202) 720-5540, or Larry McElvain, (202) 720-6211.

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Marty Longan (202) 205-1777
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TOLL-FREE HOTLINE PROVIDES FALL COLOR INFORMATION FOR NATIONAL FOREST VISITORS

WASHINGTON, Aug. 24—Prospects for good leaf color in the Eastern United States are bright, but Western leaf peepers should poise themselves for quick action if they want to catch the array, according to the U.S. Department of Agriculture's Forest Service.

"The West has been dry, and what color we see will be brief," says Dr. Stan Krugman, director of the Forest Service's forest management research programs.

"In the East we are more fortunate because we've had a nice, moist year which should result in some excellent fall color," Krugman said.

People wanting information on areas of peak color in the national forests can now call toll-free (800-354-4595) for weekly updates. Suggested routes for good viewing in selected national forests also will be highlighted each week on the taped message.

Krugman stressed that his predictions were only as sound as the weatherman's.

"While color changes are primarily brought on by the increasing hours of darkness that accompany the fall season, the timing and length of their appearance are also affected by weather," he said. "Cooler weather will bring the colors out earlier. Wind, rain and snow storms all affect the length of mother nature's display of finery."

Many of the autumn colors are in the leaves year-round and are simply hidden by the dominant green color during the summer months. The green is produced by pigments called chlorophylls which capture the sunlight and turn it into simple sugars and starches for food, Krugman said.

During the fall months, changes in daylight and, to a lesser extent, temperature, slow food production. As the clorophylls decrease, so does the green color, allowing the other pigments that were hidden by the leaves' green color to show through. Pigments called carotenoids give hickory, aspen and birch leaves their yellow, brown and orange colors just as they give carrots and bananas their colors.

"We see less of the reds and purples of autumn because anthocyanins, the pigments creating them, are not found in all leaves," explained Krugman. "But when they do exist and mother nature mixes all the pigments on her pallet, we enjoy the deep oranges and fiery red and bronze hues found especially in dogwood, sumac and oak."

NOTE TO EDITORS:

The Forest Service will maintain the national Fall Color Hotline beginning Sept. 20 and will continue through the fall color season, usually about 6 weeks. The recorded message will be updated each Thursday by 8 a.m. Eastern time. Color slides of brilliant fall foliage are available from Photography Division, Office of Public Affairs, Room 4407-S, USDA, Washington, D.C. 20250; telephone (202) 720-0908.

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USDA ANNOUNCES PREVAILING WORLD MARKET RICE PRICES

WASHINGTON, Aug. 25—Acting Under Secretary of Agriculture Randall Green today announced the prevailing world market prices of milled rice, loan rate basis, as follows:

—long grain whole kernels, 9.34 cents per pound;
—medium grain whole kernels, 8.46 cents per pound;
—short grain whole kernels, 8.45 cents per pound;
—broken kernels, 4.67 cents per pound.

Based upon these prevailing world market prices for milled rice, loan deficiency payment rates and gains from repaying price support loans at the world market price level are:

—for long grain, $0.87 per hundredweight;
—for medium grain, $0.81 per hundredweight;
—for short grain, $0.81 per hundredweight.

The prices announced are effective today at 12:00:01 A.M. EDT until 12:00:00 a.m. EDT Tuesday, Sept. 1. The next scheduled price announcement will be made Sept. 1 at 7 a.m. EDT. The price announced at that time will be effective from 12:00:01 a.m. EDT Tuesday, Sept. 1.

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Jim McKenna (202) 720-1260
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MADIGAN NAMES THREE DIRECTORS TO RURAL TELEPHONE BANK

WASHINGTON, Aug. 25—Secretary of Agriculture Edward Madigan today announced the appointment of three directors representing the U.S. Department of Agriculture to the 13-member board of directors of the Rural Telephone Bank (RTB).

The bank is a supplemental source of financing for the rural telephone program of USDA's Rural Electrification Administration.

Named to the board were USDA officials Elizabeth I. Board, deputy assistant secretary for administration; James E. Cason, manager, Federal Crop Insurance Corporation; and Michael M.F. Liu, deputy assistant secretary for natural resources and environment.

The RTB was established by Congress in 1971 by an amendment to the Rural Electrification Act of 1936, which set up REA as a USDA credit agency assisting rural utilities with financing electric and telephone service. The bank has an outstanding loan portfolio of about $1.6 billion.

The new directors succeed former USDA officials Richard T. Crowder, Bruce L. Gardner and James R. Moseley.

There are a total of seven presidential appointees to the RTB's board, five from USDA and two from the private sector. The other six members are elected, representing cooperative and commercial stockholders.

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MARY ANN BARON NAMED TO HEAD NEW RURAL DEVELOPMENT ADMINISTRATION

WASHINGTON, Aug. 24—Mary Ann Baron has been appointed the first administrator of the new Rural Development Administration, Secretary of Agriculture Edward Madigan announced today. The appointment is effective Sept. 6.

Since 1987, Baron has served as the Kentucky state director for the U.S. Department of Agriculture's Farmers Home Administration.

Madigan said the appointment of an agency's first administrator is extremely important. "Mary Ann Baron has spent most of her career involved in rural development and is recognized as one of the leaders in the field. We are very fortunate to have someone with her administrative ability and background to serve as RDA's first administrator," he said.

Baron, a native of Green County, Ky., came to Washington in 1980. She worked briefly at USDA's Rural Electrification Administration before moving to the Farmers Home Administration where she served first as a confidential assistant to the administrator, and then as director of the agency's Legislative Affairs and Public Information Staff. She was appointed deputy assistant secretary for the Economic Development Administration in the U.S. Department of Commerce in 1986.

The Rural Development Administration was established Dec. 31, 1991, as an agency in the U.S. Department of Agriculture. RDA works closely with state governments and other agencies, through state rural development councils, to develop long range economic development strategies for rural areas throughout the country. RDA programs, which had been previously administered by FmHA, include direct and guaranteed loans for community facilities, rural businesses and industries, and water and waste systems. The loan portfolio totals $5.6 billion.

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Ben Hardin (309) 685-4011
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NEW BEVERAGES DESIGNED FOR THE HEALTH CONSCIOUS

WASHINGTON, Aug. 25—A new soluble fiber nicknamed "b-trim" could transform beverages into a prime source of beta-glucan, a component of some grains that may help lower blood cholesterol and reduce the threat of heart disease.

"B-trim," made from barley or oats, was developed by George E. Inglett, a U.S. Department of Agriculture chemist at Peoria, Ill. He earlier developed oatrim, a fat substitute now commercially available for use in meats, baked goods and other foods. Inglett said "b-trim" is available for immediate commercialization.

"If you miss a one-ounce serving of oatmeal for breakfast, you could drink four 12-ounce drinks that are 0.1 percent "b-trim" throughout the day and get just as much beta-glucan," he said.

Inglett said he envisions "designer" sports beverages and soft drinks, cappucino, wines and ice teas enriched with "b-trim," vitamins and nutrients and flavored to meet individual preferences.

Moreover, he added, soybean-based beverages and vegetable beverages made from carrots, broccoli and tomatoes and fortified with "b-trim" may provide other benefits. Such beverages will contribute to the public's ability to meet dietary guidelines.

Speaking at the national meeting of the American Chemical Society, Inglett said the soluble fiber of "b-trim" is mixed into a beverage, cooled and then resheared by a blender to give the beverage a thinner texture.

Orange juice with 0.1 percent added "b-trim" from barley was slightly thicker than plain orange juice, but had a thinner consistency than juice fortified with "b-trim" made from oats. The small differences could be detected by a viscometer, but no texture or taste differences were found in sensory tests at the National Center for Agricultural Utilization Research at Peoria.

NOTE TO EDITORS: For details, contact George E. Inglett, National Center for Agricultural Utilization Research, USDA, ARS, Peoria, Ill. 61604. Telephone: (309) 685-4011.

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TUNISIA ELIGIBLE FOR MORE VEGETABLE OIL UNDER EXPORT ENHANCEMENT PROGRAM

WASHINGTON, Aug. 25—Acting Under Secretary of Agriculture R. Randall Green today announced an opportunity for sales of an additional 90,000 metric tons of U.S. vegetable oil to Tunisia under the U.S. Department of Agriculture's Export Enhancement Program.

Sales of vegetable oil will be made to buyers in Tunisia through normal commercial channels at competitive world prices. These sales will be facilitated through the payment of bonuses by USDA's Commodity Credit Corporation. The subsidy will enable U.S. exporters to compete at commercial prices in the Tunisian market.

This allocation will be valid until Sept. 30, 1993. Details of the program, including an invitation for offers from exporters, will be issued in the near future.

For more information call Randy Baxter (202) 720-5540, or Larry McElvain, (202) 720-6211.

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Roger Runningen (202) 720-4623

MADIGAN ANNOUNCES THIRD COMPREHENSIVE DEREGULATORY PACKAGE

WASHINGTON, Aug. 26—Secretary of Agriculture Edward Madigan today announced nine more initiatives in the third deregulatory package in five months to improve the U.S. Department of Agriculture's programs and eliminate regulatory burdens affecting farmers, businesses and taxpayers.

It brought to 36 the number of changes announced by USDA since March 19 that are aimed at reshaping, rewriting or eliminating unjustified or no longer useful federal regulations. All three packages are estimated to save the economy $155 million annually, or $2.3 billion over the next 20 years.

"These changes will save administrative costs and the time and money of farmers and others who participate in USDA programs," Madigan said. "The department is here to serve people, not vice versa, so we are going to keep doing what it takes to elevate common sense over bureaucracy."

Elements of today's package will revise or rescind regulations affecting a wide array of USDA program participants and beneficiaries, ranging from individual producers to meat and poultry processors to residents of USDA-subsidized housing.

"We are taking specific actions to end unnecessary paperwork burdens imposed on USDA program participants," Madigan said. "Other changes will repeal rules impeding business decisions by individual agricultural producers.

"We are taking these steps to fulfill President Bush's directive that federal agencies streamline regulations to ensure that federal programs do everything possible to enhance economic opportunity and growth."

Bush announced the government-wide regulatory review Jan. 28 in his State of the Union address.

A description of the deregulatory package announced today:

—USDA's Animal and Plant Health Inspection Service has proposed the use of additional diagnostic tests for equine infectious anemia when produced under license of the secretary of agriculture. The change will encourage the development of new testing procedures.

—USDA's Food Safety and Inspection Service will propose to eliminate unnecessary duplication of effort by making the Food and Drug Administration solely responsible for issuing approval of additives an all food products, ending double regulation by removing the requirement that FSIS have separate rules on FDA-approved additives for meat and poultry.

—FSIS also will allow four additional methods for eliminating trichinae from pork products, providing almost 500 processors—mostly small businesses— added flexibility in choosing an appropriate trichinae destruction method. The change is expected to generate $5 million in annual savings to these businesses.

—USDA's Foreign Agricultural Service will propose six regulatory changes in the Export Credit Guarantee Programs (GSM 102/103) to eliminate unnecessary restrictions on U.S. exports, reduce bookkeeping requirements, and make rules more similar to customary market practices. The planned changes are expected to increase annual farm income by $2.5 million and save exporters $1.5 million in program-related costs.

—Five regulatory changes will be proposed for FAS' export incentive programs (Export Enhancement Program, Dairy Export Incentive Program, Sunflower Oil Assistance Program, and the Cottonseed Oil Assistance Program) also to make the rule more reflective of customary business practices and reduce paperwork. Savings to exporters would be about $1 million annually.

—Proposed rule changes for the P.L. 480, Title I Food for Peace program would increase program consistency, expedite the loading of vessels and decrease exporters' administrative costs.

—USDA's Forest Service has proposed streamlining its application process for special uses of national forest lands. The agency receives about 6,000 applications annually for uses such as road rights-of-way, ski areas, marinas, outfitting services and camps. One change would allow screening out unacceptable applications before the agency performs environmental impact studies; another would grant temporary easements for special uses instead of annual permits. Annual savings to USDA and applicants are estimated at $25 million.

—USDA's Rural Development Administration will propose to amend regulations to require audited financial statements from new borrowers only for loans of more than $500,000. RDA also would waive audit requirements in certain cases for loans with loan balances not exceeding $1 million. The change would save the private sector $2.1 million annually.

—In the Community Facilities Loan Program, RDA also has proposed to change the requirement for audits based on the borrower's annual gross income from the present threshold of $100,000 to $500,000, and to extend the deadline for submission of audits based on annual gross income from 90 days after the audit period to 150 days. The change would lower audit compliance costs by $3 million annually.

NOTE TO EDITORS: USDA news releases on the two previous deregulatory packages were issued March 19 (release #0270-92) and Aug. 13 (release #0752-92).

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MEXICO ELIGIBLE FOR MORE VEGETABLE OIL UNDER EXPORT ENHANCEMENT PROGRAM

WASHINGTON, Aug. 25—Acting Under Secretary of Agriculture R. Randall Green today announced an opportunity for sales of an additional 50,000 metric tons of U.S. vegetable oil to Mexico under the U.S. Department of Agriculture's Export Enhancement Program.

Sales of vegetable oil will be made to buyers in Mexico through normal commercial channels at competitive world prices. These sales will be

facilitated through the payment of bonuses by USDA's Commodity Credit Corporation. The subsidy will enable U.S. exporters to compete at commercial prices in the Mexican market.

This allocation will be valid until Sept. 30, 1993. Details of the program, including an invitation for offers from exporters, will be issued in the near future.

For more information call Richard J. Chavez (202) 720-5540, or Larry McElvain, (202) 720-6211.

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Roger Runningen (202) 720-4623

USDA ANNOUNCES MAJOR FOOD AID INITIATIVE

WASHINGTON, Aug. 25—Secretary of Agriculture Edward Madigan today announced a major food aid initiative to sub-saharan Africa, the Baltic nations and several republics of the former Soviet Union.

A total of $145 million of P.L. 480 Title I and Title III assistance has been offered to 14 countries. Madigan said this will enable the countries to overcome food shortages caused by drought, scarcity of foreign exchange for commercial purchases, and supply disruptions that occur as they restructure their economies in a free-market direction.

"This effort is another important example of our long-standing policy of using the efficiency and abundance of American agriculture to help other countries to get through times of dire hardship," Madigan said. He said this effort is over and above recently initiated assistance efforts for Somalia.

The countries covered by the initiative include Zambia, Zimbabwe, Armenia, Azerbaijan, Byelarus, Estonia, Georgia, Krygyzstan, Latvia, Lithuania, Moldova, Morocco, Sri Lanka, and Tajikistan.

The food will all be shipped this calendar year.

Madigan said most of the countries are expected to identify wheat as the commodity of greatest need, although some may request wheat flour, feed grains or soybean meal to avoid further reductions in livestock herds.

"In addition to meeting humanitarian obligations, this is good news for American farmers," Madigan said. "These funds come largely from former food aid recipients with improved economies, who now prefer to buy from us commercially. The net result will be an increase in grain and oilseed exports of over 800,000 tons. That gives a big boost t our economy as well. Feeding

needy people abroad and creating jobs at home in the process, is a win-win combination and an excellent use of scarce budget resources."

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USDA REQUESTS STAY OF SPOTTED OWL INJUNCTION

BOSTON, Aug. 26—The U.S. Department of Agriculture has asked for a stay of a U.S. District Court injunction against timber harvesting on National Forest land in northern spotted owl habitat pending an appeal.

The motion, filed Aug. 24 with the Ninth Circuit Court of Appeals, also requests a stay of a requirement that the Forest Service prepare a new environmental impact statement.

"We have a scientifically credible management strategy in place that protects the long-term viability of the northern spotted owl," said John H. Beuter, acting assistant secretary for natural resources and environment.

The motion for stay pointed out that the injunction ordered by the district court is wholly unnecessary for the protection of the spotted owl. Any timber sales which would be offered would not affect the viability of the owl.

"In finding against the Forest Service's spotted owl management strategy, the court has focused on only one component of an integrated planning process on the National Forests—a process which requires most issues to be addressed at the National Forest level," Beuter said.

USDA identified three primary reasons why a stay should be granted:

—The Forest Service is likely to prevail on the merits of its appeal.

—The injunction against timber is unnecessary to the protection of the northern spotted owl as a species.

—No further public monies should be expended on attempting to perform tasks that are inconsistent with the Forest Service's basic planning structure.

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FARMERS SOUGHT FOR RUSSIAN "MODEL FARM" PROJECT

WASHINGTON, Aug. 26—Wanted: two farmers who speak Russian. The U.S. Department of Agriculture and the American Farm Bureau Federation are looking for two farmers fluent in the Russian language to work on a two-year assignment as project advisers at the St. Petersburg Model Farm Project.

These farmers must have a broad-based technical expertise in agricultural production, said Mitch Geasler, associate administrator of USDA's Extension Service.

Geasler led the USDA Model Farm Community Development Team, comprised of USDA officials and members of the American Farm Bureau Federation, on a recent trip to Russia where they identified the project's location.

An 878 hectare plot (2168.66 acres) in the Volkov Region of the Leningrad Oblast' (100 miles east of St. Petersburg) was selected and split into 21 demonstration farms ranging from 25 to 63 hectare. The 21 farms are to be owned and operated by 21 Russian farmers who will work with the two visiting American farmers.

The team signed a statement of intent between USDA and the Russian Republic to implement the model farm project, which was envisioned by Secretary of Agriculture Edward Madigan on his visit last October.

The model farm community will feature a variety of agricultural activities including crop, fruit and livestock production. It will also demonstrate the advantages of management principles and the incentives of a market-driven agriculture.

The project is designed to assist Russian farmers in their transition to a privately owned and operated agricultural system by providing American agricultural expertise.

Farmers interested in participating in the model farm project should contact Rob Nooter, the American Farm Bureau Federation, (202) 484-3617 or Mitch Geasler, USDA,((202) 720-3381.

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George Martin (202) 720-6483
Charles Hobbs (202) 720-4026

FARMER COOPERATIVES NET INCOME UP, SALES DOWN IN 1991

WASHINGTON, Aug. 26—U.S. farmer cooperatives reported net income of nearly $1.6 billion for 1991, up 9 percent from the $1.4 billion reported in 1990 according to the U.S. Department of Agriculture's Agricultural Cooperative Service.

Combined sales of cooperatives ending their business year in 1991 totaled more than $76.6 billion, down from the record $77.3 billion in 1990. Combined marketing sales were $56.2 billion, or 2.9 percent below the record $57.8 billion in 1990. Sales of farm supplies and receipts from services and other revenue were up 4.9 percent and 6.5 percent respectively.

Increased earnings of farm supply and dairy cooperatives were contributing factors to the higher net income. The number of cooperatives with losses totaled 781, compared with 857 in 1990. Estimated losses totaled $115.7 million, down from $120.8 million.

Randall E. Torgerson, ACS administrator, attributed the lower business volume to lower prices from sales of milk and milk products. Cooperatives' sales of these items were down 9.1 percent or nearly $1.9 billion. Net sales of farm supplies by cooperatives were up because of increased volume and/or prices for fertilizer, farm chemicals, and petroleum.

Total cooperative business volume includes marketing (the value of product sold), farm supplies (sales of fertilizer, chemicals, fuels, feed, and other supplies to members and patrons), receipts from services such as trucking, storage, ginning, and artificial insemination, and other income.

Sales in 1991 were transacted by fewer cooperatives—4,489, compared with 4,663 a year earlier. While some cooperatives were discontinuing operations, others were being added to ACS's database. Discontinuing operations, mergers, consolidations, and acquisitions tended to reduce the number as farmers sought to minimize losses or improve the efficiency and competitiveness of their businesses.

Cooperative memberships totaled 4.06 million, down slightly from the previous year. The number of memberships is larger than the number of farms because many farmers belong to more than one cooperative.

Marketing volume was $56.2 billion, down 2.9 percent. Dairy cooperatives accounted for the largest proportion (33.5 percent) of marketings with sales of $18.8 billion. Livestock and poultry sales increased

5.6 percent to $6.3 billion due mainly to increased volume. Prices for livestock and poultry were on average down in 1991.

The "other products" showed a 3.3 percent decrease in business volume. Sales of miscellaneous products (which includes manufactured foods) and tobacco decreased in greater proportion than the increase in sales of dry edible beans and peas and wool.

Net income of marketing cooperatives, $810.3 million, was down 0.7 percent. The largest percentage increases in net income from 1990 to 1991 were by rice, sugar, and dairy marketing cooperatives. Estimated losses were greatest among cooperatives handling fruit and vegetables, milk, grain, and miscellaneous items.

Farm supply volume of $17.9 billion was up 4.9 percent. Prices for feed, seed, and fuels were down but prices of agricultural chemicals and fertilizer were, on average, up during 1991.

Income from services provided plus other revenue was up 6.5 percent. Combined assets of farmer cooperatives totaled $31.4 billion, up 4.6 percent. Total liabilities of $17.3 billion were up 4.4 percent. Net worth of $14.1 billion was up 4.9 percent.

Table 1—COOPERATIVE BUSINESS VOLUME, 1990 AND 1991 1/

Commodity or function	Business volume 2/	
	1990	1991
	Million dollars	
Products marketed:		
Cotton	2,088	2,346
Dairy	20,719	18,828
Fruits and vegetables	8,241	8,170
Grains and oilseeds 3/	14,259	14,475
Livestock and poultry	5,992	6,325
Nuts	801	820
Rice	733	706
Sugar	2,124	1,728
Other products 4/	2,875	2,779
Total	57,831	56,177
Supplies purchased:		
Farm chemicals	1,768	1,830
Feed	4,103	4,097

Fertilizer	3,230	3,631
Petroleum	4,715	5,121
Seed	562	556
Other supplies 5/	2,710	2,698
Total farm supplies	17,089	17,933
Services and other income: 6/	2,347	2,500
TOTAL	77,266	76,610

1/ Preliminary. Totals may not add due to rounding.
2/ Volume includes value of products associated with cooperatives that operate on a commission basis and bargain for members' products. Excludes intercooperative business.
3/ Excludes cottonseed.
4/ Includes dry edible beans and peas, tobacco, wool, and other miscellaneous products.
5/ Includes building materials, containers, farm machinery and equipment, meats and groceries, and other supplies.
6/ Services includes trucking, ginning, storage, artificial insemination, and other.

Table 2—FARMER COOPERATIVES' NET INCOME, 1990 AND 1991 1/

Cooperative type	Total net income 2/	
	1990	1991
	Million dollars	
Marketing:		
Cotton	64.4	69.5
Dairy	161.3	190.3
Fruits and vegetables	150.6	108.7
Grains and oilseeds	328.2	317.7
Livestock and poultry 3/	93.3	69.3
Rice	-2.4	17.4
Sugar	4.7	20.2
Other products 4/	15.9	17.2
Total 816.0 810.3		
Farm supply	525.6	639.0
Selected service	97.9	120.5
TOTAL	1,439.6	1,569.9

1/ Preliminary. Totals may not add due to rounding. 2/ Net income less losses. 3/ Revised for 1990. 4/ Other includes beans and peas (dry edible), nuts, tobacco, wool, and miscellaneous.

Table 3—FARMER COOPERATIVE NUMBERS AND MEMBERSHIPS, 1991 1/

Cooperative type	Cooperatives 2/	Memberships
	Number	
Marketing:		
Cotton 3/	19	34,923
Dairy 265	122,269	
Fruits and vegetables	299	61,034
Grains and oilseeds	1,288	878,984
Livestock and poultry	207	354,555
Rice	42	16,509
Sugar	48	12,567
Other products 4/	210	362,891
Total	2,378	1,843,732
Farm supply	1,689	2,025,156
Selected service	422	191,521
TOTAL	4,489	4,060,409

1/ Preliminary. Totals may not add due to rounding.
2/ Many cooperatives are multiproduct and multifunctional in operations and are classified in most cases according to predominant commodity or function indicated by business volume.
3/ Cooperative cotton gins included with selected service cooperatives.
4/ Other includes beans and peas (dry edible), nuts, tobacco, wool, and miscellaneous.

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FACT SHEET

THE NORTH AMERICAN FREE TRADE AGREEMENT: BENEFITS FOR U.S. AGRICULTURE

The United States, Canada, and Mexico have concluded negotiations on the North American Free Trade Agreement (NAFTA), which will eliminate many trade barriers among the three countries. Because the United States implemented the U.S.-Canada Free Trade Agreement in 1989, which has already spurred U.S. agricultural export growth to Canada, the most significant trade expansion from NAFTA will result with Mexico, already U.S. agriculture's third largest single-country market.

Elimination of all tariffs, quotas, and licenses that act as barriers to agricultural trade between the United States and Mexico will increase agricultural trade. However, the agreement requires no changes in domestic farm programs or domestic support for consumer food programs for either country.

The terms of NAFTA affecting agricultural trade between the U.S. and Mexico will result in net gains for both countries.

NAFTA locks in recent gains: U.S. agricultural exports to Mexico have grown significantly since the mid-1980s, rising from $1.4 billion to $3 billion in calendar year 1991, largely as the result of unilateral liberalization in Mexico, the natural comparative advantages of the two countries, and relatively strong Mexican economic performance (averaging 3.6-percent income growth for the past three years). NAFTA will assure that this growth in U.S. agricultural exports to Mexico will continue. It provides improved market access and prevents a return by Mexico to policies that limit trade and economic growth.

NAFTA assures a larger market: Mexico's increasingly urbanized population (86 million), is growing at 2 percent a year. It is a significant market for U.S. agricultural products. Improved economic activity resulting from the agreement will boost income and stimulate demand for greater amounts and a greater diversity of food and feed products. In addition, Mexico's comparative advantages suggest it will continue to be a net importer of food, feed and fiber. These factors combined with greater market access assure continued growth in opportunities for U.S. agricultural exports.

NAFTA increases production efficiency: The NAFTA agreement will lead to efficiency gains in both Mexico and the United States as producers respond to market opportunities. U.S. agriculture will benefit from trade creation, higher agricultural export prices, and increases in economic

efficiency and productivity. Because the Mexican share of U.S. farm exports and imports is relatively small (about 6-11 percent), and because the trade barriers between the two countries are already relatively low, the total quantitative effects of NAFTA will be significant but relatively small for U.S. agriculture in aggregate.

NAFTA expands two-way trade: Primarily a bulk commodity market prior to 1987 (mostly coarse grains and soybeans), Mexico is now one of the United States' largest and fastest growing high-value markets. High-value products now account for almost 70 percent of all U.S. agricultural sales to Mexico versus 40 percent in 1987. Consumer-oriented food products have gained the most with meat and poultry, horticultural products, dairy products, and snack foods among the leaders. Other high-value products doing well include live animals, cattle hides, feeds and fodders, and soybean meal.

By the end of the 15-year transition period, annual U.S. agricultural exports will likely be $1.5 to $2.0 billion higher than without NAFTA. Grains and meats are estimated to account for much of the expansion. Over the same period, U.S. farm cash receipts will increase by 2 to 3 percent compared with projected receipts without NAFTA. More agricultural trade will also expand employment in related areas of processing and transportation and the economy as a whole. Agricultural exports to Mexico already account for 81,000 American jobs. Exports from the new pact will add an estimated 54,000 jobs to the U.S. economy.

Mexico's main exports to the United States have been tropical and horticultural crops, such as coffee, fruits, and vegetables. These exports also will likely expand with the agreement.

Commodity Specifics:

Grains and oilseeds: NAFTA assures the United States access under a tariff quota of 2.5 million metric tons into the Mexican corn market. This duty-free quota will grow 3 percent each year. U.S. corn exports to Mexico in 1991, when exports were subject to import licensing requirements, were 1.3 million metric tons. Imports above the duty free quota level initially will have a high tariff (215 percent), but this over-quota tariff rate will be reduced to zero in 15 years. Under NAFTA, as the tariffs are reduced and incomes grow, U.S. corn exports to Mexico will increase steadily over the longer term. NAFTA implies a small increase in U.S. corn prices and production.

U.S. sorghum exports (about 3.4 million metric tons in the first half of 1992) will increase due to the immediate elimination of the sorghum tariff. U.S. wheat exports will increase under NAFTA as a result of the elimination of tariffs and licensing and higher Mexican incomes. U.S. wheat exports to Mexico are expected to grow to 1 to 1.5 million tons per year within a

decade. Initially, some increase in exports will occur due to the use of wheat as a feed grain because of lower relative prices. By the end of the transition period, the U.S. farm price for wheat would be slightly higher than without NAFTA.

Under NAFTA, Mexico will reduce its 15-percent seasonal duty on soybeans to 10 percent, which will then be phased out over 10 years. The United States has traditionally supplied three-fourths of Mexico's imports of soybeans and meal. Mexico's demand for grains and oilseeds for feeding is expected to increase as its livestock and poultry sectors expand. The elimination of the seasonal duty will help increase the U.S. share of Mexico's soybean and product imports.

The gain in U.S. corn, sorghum, wheat and oilseed exports is expected to approach an additional 5 million tons per year by the time NAFTA is fully implemented.

Horticultur: U.S. horticultural imports from Mexico are seasonal and generally enter the United States during the winter months. Under NAFTA, tariffs on selected horticultural commodities during some least import-sensitive seasons will be eliminated immediately. Other tariffs will be phased out gradually. The longer phaseout periods apply to tariffs during specific seasons of the year when Mexican imports compete with production in the United States. The agreement also includes quantity-based safeguards to protect U.S. producers of import-sensitive fruits and vegetables from import surges.

The United States will not change its existing sanitary and phytosanitary requirements on horticultural imports. Furthermore, the United States will take all measures necessary to assure that imports are safe from pesticide residues. No changes in U.S. minimum import requirements for grade, size, and quality will be made regarding Mexican fruit and vegetable exports.

Mexican income growth will increase that country's consumption of fruits and vegetables, thus limiting Mexico's export potential to the United States and expanding the market for U.S. produce in Mexico.

NAFTA will provide increased market opportunities from reduced barriers and income growth in Mexico for U.S. horticultural commodities. The most significant gainers will include fresh apples, pears, and peaches. U.S. exports of fresh vegetables to Mexico (counter-seasonal to their production) will also increase as Mexican consumers increase demand for high-quality fresh produce.

U.S. tree nut exports to Mexico, already growing from $8 million to $16 million during 1987-91, will continue to expand as NAFTA eliminates Mexico's 15-20 percent tariffs.

Sugar: There is a 15-year transition period for sugar. U.S. tariffs on sugar from Mexico will decline by 15 percent over the first six years, and then be phased out to zero over the balance of the transition period. By year seven, Mexico will establish border protection equal to that of the United States, for imports from third countries.

Under the Agreement, Mexico retains its current export allocation to the U.S. market of 7,258 metric tons. Any additional access to the U.S. market depends on Mexico becoming a net exporter of sugar. The USDA analysis indicates that Mexico is unlikely to become a net sugar exporter.

For the first six years of NAFTA, Mexico could ship its surplus of up to 25,000 metric tons of sugar to the United States in any year. From years 7-15, Mexico could export its surplus of up to 150,000 tons in any year. The 150,000-ton allotment would increase 10 percent a year starting in year eight. If Mexico were a net exporter for two consecutive years, beginning in year seven, it could ship to the U.S. all of its surplus.

Cotton: NAFTA will provide an increased export market for the U.S. cotton industry. Although Mexico has been a cotton exporter in the past, it has been a net importer in recent years. Mexico has not filled its quota for imports into the United States since 1984/85. There is no economic reason to expect an increase in cotton imports from Mexico under the NAFTA. Liberalization will likely increase U.S.-Mexico trade in textiles and apparel, increasing Mexican demand for U.S. cotton in either raw cotton form or as textiles manufactured in U.S. mills.

Livestock and meat: Mexico is one of the fastest growing export markets for U.S. meat, especially fresh/chilled/frozen and processed products. Beef trade will undoubtedly increase with NAFTA, which will lock in the current zero duty facing U.S. exports of beef to Mexico.

NAFTA, which will result in the phase-out of the 10-percent tariff on U.S. pork entering Mexico, will significantly increase U.S. pork exports to Mexico, possibly doubling exports by the end of the transition period. NAFTA will result in the elimination of all tariffs on exports of other meat products, such as variety meats and sausages over periods ranging from 5 to 10 years.

NAFTA will increase live cattle trade in both directions between the United States and Mexico. As constraints such as tariffs, licenses, and export taxes are removed, more young cattle from Mexico probably will be fed in the United States and more U.S. slaughter cattle probably will be shipped to Mexico. However, Mexican imports and exports will remain small relative to the total U.S. market, so the NAFTA will have only small effects on total U.S. cattle production and prices.

U.S. poultry exports have increased rapidly in recent years from $16 million in 1987 to over $110 million in 1991, and Mexican demand is expected to continue to grow. U.S. exports will benefit from the removal of Mexico's import licensing requirement and economic growth in Mexico. Until Mexico adequately addresses problems with hog cholera and exotic Newcastle disease, it will be unable to export hogs, chickens, or their meat to the United States, with the exception of cooked pork.

Dairy products: Mexico is the world's largest market for milk powder and represents the most important outlet for U.S. nonfat dry milk exports. While NAFTA will increase Mexican income growth and Mexican demand for dairy products, lower feed costs will encourage Mexico's dairy industry to expand. Mexico has no cost advantage relative to the U.S. dairy industry, so the U.S. industry will remain competitive. Strong provisions on rules of origin will ensure that the open border with Mexico does not lead to a circumvention of U.S. import quotas from third country trans-shipments. Overall, NAFTA will allow the United States to obtain a larger share of the Mexican dairy import market.

Other Benefits of NAFTA:

Import protection: NAFTA will liberalize trade with Mexico in all products, including those now protected by Section 22 quotas. However, import quotas will continue to be used to protect U.S. producers from imports from non-NAFTA countries. Mexico will be granted a small duty-free quota for Section 22 products in the U.S. market—and they will be charged a high tariff based on the 1989-91 level of protection for any sales over that amount. The duty-free quota will grow at a 3-percent compounded annual rate over the NAFTA transition period while the over-quota tariff will be gradually phased out. For dairy products, cotton, and sugar-containing products, this phase-out period will be 10 years; for peanuts and sugar, the phase-out will be 15 years.

Meat restrictions waived: The United States imposes quantity limits on U.S. meat imports so imports do not drive down U.S. meat prices at a time when U.S. cattle production needs to increase. As it did in the U.S.-Canada Free Trade Agreement (CFTA), the United States will waive its restrictions on meat imported from Mexico. Based on its trade history and comparative advantage, Mexico is likely to continue to be a net importer of meat from the United States.

Safeguard provisions for import adjustment: The United States will have a special agricultural safeguard for seven items, which accounted for about $340 million in imports from Mexico in 1991. Mexico will have a special agricultural safeguard for 17 agricultural products, live swine, most pork

products, apples, and potato products, valued at about $100 million in imports from the United States. The value of trade of the commodities the United States has proposed for a safeguard is about 15 percent of U.S. agricultural imports from Mexico (roughly two-thirds of the amount is tomatoes). The safeguard would not restrict trade under normal circumstances but would be available to limit the impact of sudden import surges.

Strong country-of-origin rules: NAFTA bolsters incentives for buying within the NAFTA region and ensures that Mexico will not serve as an export platform to the United States. Under NAFTA only North American producers can obtain the benefits of the tariff preferences. Non-Mexican origin commodities must be transformed or processed significantly in Mexico so that they become Mexican goods before they can receive NAFTA's lower duties for shipment to the United States.

Maintaining the integrity of U.S. standards: Under NAFTA, the United States will maintain its stringent standards regarding health, safety, and the environment. We maintain the right to prohibit imports that do not meet U.S. standards. NAFTA also allows states and local governments to enact tough standards without restriction, so long as these standards are scientifically defensible. The United States will take great care to make sure that chemicals legal in Mexico but illegal in the United States will not show up in imports. NAFTA allows each country to continue to develop grade standards to meet the marketing rules of its agricultural industry and ensure that consumers receive a product of acceptable quality.

Stronger protection for agricultural inventions, patents, and technologies: The United States is a world leader in the field of biotechnology, including the development of new varieties of plants. U.S. companies spend millions every year in the development of the new plant varieties and processes that keep American agriculture vibrant. Provisions in the North American Free Trade Agreement's Intellectual Property Rights text will ensure that these companies will be able to recoup the costs of their investments and protect the interests of this segment of U.S. agriculture.

Investments in agriculture: NAFTA enables U.S. firms to establish new agricultural enterprises and to acquire existing businesses in both Mexico and Canada and to receive the same treatment, with limited exceptions, as domestic companies in either country. It also gives U.S. investors in Mexico and Canada full rights to repatriate all profits and capital flows in hard currency. NAFTA makes investing in Mexico much easier because it eliminates most Mexican requirements for government approval of new

investments, and also does away with Mexican restrictions or curbs on investment in many sectors.

NAFTA will further stimulate investment and opportunities of U.S. food processing affiliates in Mexico. U.S. affiliates' sales in Mexico increased 34 percent between 1988 and 1989, compared with increases of 8 percent in Canada, 20 percent in Europe, and 15 percent overall. Affiliate sales in Mexico continued to grow over 20 percent a year in both 1990 and 1991. Mexico ranked eighth among host countries for U.S. affiliates. Most of these U.S. affiliates produce for the Mexican market.

Increased demand for U.S. products: NAFTA's elimination of Mexico's local content requirements for manufacturers will increase the demand for products from the United States. U.S. subsidiaries in Mexico already buy over one-fourth of total U.S. exports to Mexico. Exports to Mexico by U.S. food processing firms and sales by their Mexican affiliates now total nearly $6 billion annually.

Agricultural transportation benefits: NAFTA will benefit U.S. companies involved in agricultural transportation. Mexico's market for international truck and rail transport will be opened, and Canada's transportation market for U.S. firms, which is already open, will be locked in. International cargo represents 40 percent of all cargo transported in Mexico and is the fastest growing segment of trucking and rail markets.

Roger Runningen, Press Secretary, U.S. Department of Agriculture; (202) 720-4623.

FACT SHEET Aug. 21, 1992

THE NORTH AMERICAN FREE TRADE AGREEMENT: AGRICULTURAL TRANSPORTATION

The North American Free Trade Agreement (NAFTA) will benefit U.S. companies involved in agricultural transportation. Mexico's market for international truck and rail transport will be opened, and Canada's transportation market for U.S. firms, which is already open, will be locked in. International cargo represents 40 percent of all cargo transported in Mexico and is the fastest growing segment of the trucking and rail markets.

Opens Mexico's international cargo market for U.S. motor carriers: NAFTA gives U.S. trucking companies the right to obtain operating authority from the Mexican government for carriage of international cargo. Provisions of the agreement provide for transportation access to Mexican border states in the near future and to all states a short time later. U.S. trucking companies,

for the first time, will have the right to use their own drivers and equipment for shipments into Mexico, a cross-border market that is now completely controlled by Mexican carriers. The border environment will be improved, specifically by decreasing truck congestion and permitting greater efficiency as trucks carry loads in both directions, ending the necessity of switching trailers at the border and returning home empty, which is an inefficient and costly practice.

In addition, NAFTA opens the way for U.S. investment in Mexican trucking companies. This will enable U.S. trucking firms to set up international cargo subsidiaries or new companies in Mexico, or make equity investments. U.S. trucking companies will be able to establish terminals, repair facilities, and establish communications centers to better facilitate movement of agricultural products into and out of Mexico. Overall, trade in perishables and other high-value commodities should be enhanced through more direct, less costly trucking service.

Benefits U.S. railroads: The agreement locks in the market-oriented reforms undertaken by the Mexican National Railroad, which have produced access for U.S. railroads. These reforms ensure that U.S. railroads and intermodal companies, which use several modes of carrier, such as surface, sea, and air, for a single shipment, will be able to market their services directly to customers and use their own locomotives in through-trains operated by Mexico. U.S. companies will be allowed to own and operate terminals and other such facilities, as well as finance the building and upgrading of tracks and construct spur lines.

Increases safety in land transportation: There will be a process for improving various land transport safety standards, giving impetus to ongoing work to upgrade Mexico's safety standards. Moreover, investment liberalization will provide new sources of capital so Mexican motor carriers can modernize their trucking fleets, thus ensuring compliance with U.S. safety standards and easing the task of U.S. enforcement officials.

NAFTA provides for "symmetrical" concessions, which is where equal concessions are granted by all parties while no party is given an advantage. The phase-in period of the agreement will give affected businesses time to adjust and allow the United States, Mexico, and Canada to publicize rules and regulations to ensure the smooth implementation of NAFTA.

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FACT SHEET Aug. 21, 1992

THE NOTTH AMERICAN FREE TRADE AGREEMENT: U.S. WOOD PRODUCT EXPORTS

A North American Free Trade Agreement (NAFTA) with Mexico and Canada in the wood products sector should greatly benefit U.S. wood products exporters in the rapidly growing Mexican market.

Mexico currently imposes substantial duties on U.S. imports of wood products. For example, duties on imports of logs are 10 percent, duties on softwood lumber range from 10 to 15 percent, wood moldings are dutiable at 20 percent, and duties on plywood range from 15 to 20 percent. Under the NAFTA, these duties will be eliminated over 10 years, thus making U.S. wood product exports more competitive. NAFTA will have little impact on U.S. wood product imports from Mexico, since most imports from Mexico already enter the United States duty-free under most-favored-nation (MFN) status or under provisions of the Generalized System of Preferences (GSP).

NAFTA should have little additional effect on U.S. export potential to Canada, since tariff and non-tariff trade barriers in that market were reduced under the United States-Canada Free Trade Agreement (CFTA). The agreement calls for the removal of all current tariffs on wood products by 1993.

Market overview: Mexico is the third leading market for U.S. exports of wood products, taking $382.4 million worth, or 6 percent of total U.S. wood product exports, in 1991, up from just $108.8 million, or 3 percent of such exports, in 1987. Because of its lack of suitable resources and the strength of its export markets for semi-finished and finished wood products, Mexico is a net importer of wood products from the United States. In 1991, the United States had a surplus of trade in wood products with Mexico of $141.5 million. Softwood lumber has been the leading wood product exported to Mexico, accounting for 42 percent of total U.S. exports of wood products to Mexico in 1991. Other leading articles exported to Mexico include hardwood lumber, accounting for 9 percent of total exports; softwood plywood, accounting for 7 percent; and hardwood plywood and particleboard, each accounting for 4 percent.

As the second leading market for U.S. wood products, Canada received 15 percent of such exports in 1991 ($950.5 million), up from 12 percent in 1987. Although Canada possesses vast resources and is a major competitor in world markets, U.S. exports of many products, including lumber, panel products, millwork, and miscellaneous wood products have increased under CFTA.

Creates new market opportunities: Most lumber and plywood used by the Mexican construction industry is for concrete forming applications. However, the Mexican market shows promise in terms of structural use applications for solid wood products, notably lumber and panel products.

The need for additional housing in Mexico should provide widespread opportunities for U.S. wood products exporters. It is expected that Mexico will require over one million new housing units annually during the remainder of the decade, just to maintain the current six-million unit housing deficit. Timber-frame construction, employing U.S.-sourced materials to a large degree, should help Mexico meet its housing needs, as demand will be difficult to meet using the traditional methods and materials, brick, masonry and cement. In addition, opportunities for increased wood consumption in tourist regions for vacation homes, and resort communities and developments should lead to increased U.S. exports of wood products.

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FACT SHEET Aug. 21, 1992

THE NORTH AMERICAN FREE TRADE AGREEMENT: INTELLECTUAL PROPERTY PROTECTION

The United States is a wold leader in the field of biotechnology, including the development of new varieties of plants. U.S. companies spend millions every year in the development of the new plant varieties and processes that keep American agriculture vibrant. Provisions in the North American Free Trade Agreement's (NAFTA) Intellectual Property Rights text will ensure that these companies will be able to recoup the costs of their investments and protect the interests of this segment of U.S. agriculture.

Providing a high standard of protection for inventions: NAFTA provides a higher standard of protection for U.S. patents, copyrights, trademarks, and trade secrets than has been attained in any other bilateral or international agreement. NAFTA requires all three countries to enforce rights against infringement and piracy, both internally and at the border.

Providing relief for plant breeders: Under NAFTA, the United States, Canada, and Mexico agree to provide protection for plant varieties that is equal or better to that elaborated under the 1978 International Union for the

Protection of New Varieties of Plants Convention (UPOV). In addition to the UPOV obligations, NAFTA extends plant patent protection to all varieties. This protection will enable U.S. seed producers and plant breeders to proceed into North American markets with assurance that their inventions will not be pirated.

Protecting product and process patents: NAFTA will aid agricultural chemical companies and biotechnology companies by providing product and process protection for virtually all types of inventions. It will also limit the ability of countries to impose compulsory licensing on patent holders. This assurance will provide incentives to U.S. inventors to develop new technologies, creating jobs and wealth.

New protection for trademarks, trade secrets, and other rights: NAFTA will require countries to register service marks as well as trademarks and will provide enhanced protection for internationally well-known marks. It will enable owners of confidential information to prevent their unauthorized use or disclosure and give a minimum 5-year period of exclusivity for confidential test data for agricultural chemicals.

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FACT SHEET Aug. 21, 1992

THE NORTH AMERICAN FREE TRADE AGREEMENT: SAFEGUARDS FOR U.S. CONSUMERS

The North American Free Trade Agreement (NAFTA) creates one of the world's largest free trade zones. Although the United States shares the NAFTA economic objective of eliminating trade barriers, the United States also is committed to protecting public health and food safety under NAFTA.

NAFTA permits each country, as well as state and local governments within those countries, to maintain their own stringent health and safety standards for imported foods, as long as these standards are scientifically based and administered in a forthright and expeditious manner. Under NAFTA, the United States is allowed to prohibit all imports that do not meet U.S. standards.

In addition to safeguards provided in the NAFTA, other agreements in which the NAFTA countries have participated serve to protect the health and

safety of U.S. consumers. Mexico acceded to both the General Agreements on Tariffs and Trade (GATT) and the Agreement on Technical Barriers to Trade (the Standards Code) in 1986 and 1988, respectively. These agreements serve to increase the clarity and distribution of information on procedures by which member countries (including NAFTA countries) set standards and regulations, conduct testing, and maintain certification systems. Under the U.S.-Mexican Standards Agreement of 1987, Mexico's Healt Secretariat and the U.S. Food and Drug Administration agreed to coordinate food product safety. FDA is helping Mexico strengthen its existing food safety regulations.

Pesticide and chemical residues: Potential pesticide residues in imported foods are a major concern of U.S. consumers. The U.S. Department of Agriculture's Food Safety and Inspection Service enforces the legal limits set by the Environmental Protection Agency for pesticide residues in meat and poultry, while the Food and Drug Administration enforces such limits in other food products. NAFTA permits the United States to prohibit imports of food products that do not meet our residue standards.

The government of Mexico provides information on U.S. pesticide residue tolerance levels to export growers to assist them in making pesticide decisions for their export crops. Mexican exporters have strong incentives to ensure that their products meet U.S. import (pesticide) regulations. FSIS and FDA will refuse entry to food and agricultural shipments that do not meet U.S. pesticide residue tolerance levels. Import inspection is targeted to known problem areas. If an exporter's shipment is found to be in violation of EPA regulations, future shipments from that exporter will be earmarked for detention and tightened inspection.

Grade standards: Grade standards for agricultural products define different levels of quality, which in turn facilitates trade by giving buyers and sellers a common language. Grade standards serve as the basis for grading and certification of quality. In certain instances, grade standards also are the basis for minimum quality import requirements.

NAFTA allows each country to continue to develop grade standards to meet the marketing needs of its agricultural industry and ensure that consumers receive a product of acceptable quality.

Minimum quality requirements for imports of some commodities, particularly certain fresh fruits and vegetables, also are maintained under NAFTA. Such minimum quality import requirements help ensure that consumers get products of a consistent quality, while also helping to ensure that imports and domestically grown products compete on an even playing field.

NAFTA will improve communications during the standards setting process. Should Mexico decide to establish grade standards, the United States will have the opportunity to work with the Mexicans to ensure that the standards are helpful in the marketing of U.S. exports to Mexico.

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FACT SHEET Aug. 21, 1992

THE NORTH AMERICAN FREE TRADE AGREEMENT: INVESTMENTS IN AGRICULTURE

The United States, Canada, and Mexico have concluded negotiations on the North American Free Trade Agreement (NAFTA), which will eliminate trade and investment barriers among the three countries. In so doing, NAFTA has opened up new opportunities for U.S. investors, especially in joint agricultural ventures in Mexico.

Specifically, NAFTA enables U.S. firms to establish new agricultural enterprises and to acquire existing businesses in both Mexico and Canada and to receive the same treatment, with limited exceptions, as domestic companies in either country. It also gives U.S. investors in Mexico and Canada full rights to repatriate all profits and capital flows in hard currency.

The investment provisions in NAFTA are broader than those in the U.S.-Canada Free Trade Agreement in that coverage has been expanded to include real estate, stocks, bonds, certain contracts, and intangible property, such as technology. In addition, the definition of an investor has been expanded to include firms established in all three NAFT countries.

New opportunities in Mexico: NAFTA makes investing in Mexico much easier because it eliminates most Mexican requirements for government approval of new investments, and also does away with Mexican restrictions or curbs on investment in many sectors.

In addition, NAFTA:

- Protects U.S. investors against expropriation and grants the right to international arbitration for violations of their rights;
- Prohibits Mexico from requiring companies to export as the price for investing in Mexico; and
- Exempts U.S. investors in Mexico from requirements that they must "Buy

Mexican" when purchasing.

Stimulates demand for U.S. products: NAFTA's elimination of Mexico's local content requirements for manufacturers will increase the demand for products from the United States. U.S. subsidiaries in Mexico already buy over one-fourth of total U.S. exports to Mexico. Exports to Mexico by U.S. food processing firms and sales by their Mexican affiliates now total nearly $6 billion annually.

To the extent that U.S. firms shift their Asian or European production to Mexico or Canada after NAFTA goes into effect, this will be a boon for U.S. exporters. According to a recent study by the U.S. International Trade Commission, joint production ventures in Mexico and Canada buy 51 percent and 40 percent, respectively, of their inputs from the United States, compared with just 13 percent for joint production ventures in the rest of the world.

NAFTA will further stimulate investment and opportunities of U.S. food processing affiliates in Mexico. U.S. affiliates' sales in Mexico increased 34 percent between 1988 and 1989, compared with increases of 8 percent in Canada, 20 percent in Europe, and 15 percent overall. Affiliate sales in Mexico continued to grow over 20 percent a year in both 1990 and 1991. Mexico ranked eighth among host countries for U.S. affiliates. Most of these U.S. affiliates produce for the Mexican market.

Integrated production in North America will make U.S. firms more competitive against European and Japanese producers.

Encourages environmentally sound investments: NAFTA's investment provisions enhance environmental protection by permitting the parties to impose stringent environmental standards on investments, so long as they apply equally to domestic and foreign investors. NAFTA also prohibits any lowering of environmental standards as a means of inducing investment. It also permits the parties to require environmental impact statements on new investments.

Protects investors' rights: In case of disputes with the host government, NAFTA allows investors to go directly to international arbitration and to seek binding awards of money damages for violations of NAFTA's investment provisions. NAFTA also provides for enforcement of the awards.

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FACT SHEET Aug. 21, 1992

THE NORTH AMERICAN FREE TRADE AGREEMENT: IMPORT PROTECTION

The United States, Canada, and Mexico have concluded negotiations on the North American Free Trade Agreement (NAFTA), which will eliminate most trade barriers among the three countries. However, NAFTA makes sure that importsensitive industries will have adequate time to adjust to free trade. NAFTA explicitly provides for: (1) a transition of up to 15 years before tariffs are eliminated for the most sensitive products; (2) quantity-based safeguards that protect producers against injury from import surges; and (3) tough rules of origin to ensure that the maximum NAFTA benefits accrue to products produced in North America.

The following import protections are of special concern to U.S. farmers:

Protection for price-supported products: To prevent the disruption of its price support programs, the United States limits the quantities of peanuts, cotton, most dairy products, sugar, and some sugar-containing products that may be imported each year.

NAFTA will liberalize trade with Mexico in all products, including those now protected by Section 22 quotas. However, import quotas will continue to be used to protect U.S. producers from imports from non-NAFTA countries. Mexico will be granted a small duty-free quota for Section 22 products in the U.S. market—and they will be charged a high tariff based on the 1989-91 level of protection for any sales over that amount. The duty-free quota will grow at a 3-percent compounded annual rate over the NAFTA transition period while the over-quota tariff will be gradually phased out. For dairy products, cotton, and sugar-containing products, this phase-out period will be 10 years. For peanuts, the over-quota tariff will be reduced 15 percent over the first six years, with the remainder of the over-quota tariff phased out over the following nine years (total phase-out over 15 years).

Sugar: For sugar, during a 15-year transition period, Mexico's exports will be limited to its current export allocation unless it reaches net exporter status (it is now a net importer). In the initial six years, if Mexico is a net exporter, it will be allowed to ship to the United States its net exportable surplus, up to a maximum of 25,000 metric tons. Beginning in year seven, if Mexico is a net exporter, maximum shipments may reach 150,000 tons, increasing 10 percent each year thereafter. Should Mexico achieve net exporter status for two consecutive years, from that point forward (but not before year seven) until the end of the transition period, shipments to the United States would be

limited to Mexico's net exportable surplus. At the end of the 15-year transition period for sugar, the United States and Mexico will have unrestricted, duty-free access to the other's sugar market.

Mexico is unlikely to become a net exporter of sugar in the near future, so that the current pattern of sugar trade should not change during the initial six-year period. U.S. concerns about displacement beyond the initial six years are addressed by limiting Mexico's access to the U.S. market to the country's net exports (i.e., exports minus imports) over the balance of the transition period of 15 years. In addition, by year seven of the agreement, Mexico will harmonize its border protection with that of the United States. The United States will continue to be able to use the sugar re-export program for exports of refined sugar and sugar-containing products to Mexico. These exports will be assessed Mexico's most-favored-nation tariff rate.

Meat restrictions waived: The United States imposes quantity limits on U.S. meat imports so they do not drive down U.S. meat prices at a time when U.S. cattle production needs to increase. As it did in the U.S.-Canada Free Trade Agreement (CFTA), the United States will waive its restrictions on meat imported from Mexico. Based on its trade history, Mexico is an importer of meat from the United States, rather than a supplier.

Safeguard provisions for import adjustment: NAFTA contains a special agricultural safeguard provision that will apply during the transition period. This provision allows only a specified quantity of a product to enter at NAFTA preferential rates but higher tariffs are automatically triggered when imports reach a specified level. Initially, the quota level would be set to approximate recent trade volumes, but it would gradually increase (three-percent compounded annual rate) during the transition.

As currently agreed, the United States will have a special agricultural safeguard for seven items, which accounted for about $340 million in imports from Mexico in 1991. Mexico will have a special agricultural safeguard for 17 agricultural products, including live swine, pork products, apples, and potato products, valued at about $100 million in imports from the United States. The value of trade of the commodities the United States has proposed for a safeguard is about 15 percent of U.S. agricultural imports from Mexico (roughly half of the amount is tomatoes). The safeguard would not restrict trade under normal circumstances but would be available to limit the impact of sudden import surges.

NAFTA contains two general safeguard provisions, improved from those originally used in CFTA, to protect U.S. workers against harm from imports from Canada and Mexico. A bilateral safeguard mechanism (available only during the transition period), which will permit snapback to pre-NAFTA

tariff rates for up to 3 years—or 4 years for extremely sensitive products—should import increases threaten or cause serious injury. A global safeguard mechanism allows for quotas or tariffs on Canada and/or Mexico as part of a multilateral safeguard action when imports from either or both countries are a substantial cause of, or threaten to cause, serious injury to U.S. companies.

NAFTA will also protect U.S. jobs and firms against unjustified snapback actions taken by Canada or Mexico. The agreement spells out all the procedures that must be followed prior to taking snapback actions. Moreover, any NAFTA partner taking a snapback action must compensate the country whose imports are affected. If no compensation is agreed upon, the affected country may retaliate by tariff action with substantially equivalent effects.

Under CFTA's global safeguard, imports accounting for 5-10 percent of total imports normally would not be considered substantial and therefore could be excluded from a safeguard action. NAFTA's global safeguard avoids specific import penetration ranges and instead provides for a potential exclusion based, in part, on a country's ranking among all suppliers. In contrast to the CFTA safeguard mechanism which required an abrupt return to the originally-scheduled tariff level upon completion of the safeguard action, the NAFTA allows for a recalibration of the phase-out schedule so that the effect on the industry in question will be more gradual.

Most importantly, NAFTA's safeguard procedures ensure that all actions will be carried out in an open and impartial manner. Investigations will be instituted on the basis of a petition providing information to support its assertions. Determinations of serious injury, or threat of injury, will be entrusted to a competent investigating authority, which must:

- Hold public hearings to allow all interested parties to present their views;
- Gather and evaluate all relevant information in an objective manner; and
- Promptly publish its findings and conclusions.

Country-of-origin rules: The NAFTA bolsters incentives for buying within the NAFTA region and ensures that Mexico will not serve as an export platform to the United States. Under NAFTA:

- Only North American producers can obtain the benefits of the tariff preferences.
- Non-Mexican origin goods must be transformed or processed significantly in Mexico before they can receive NAFTA's lower duties for shipment to the United States.
- Current practices that distort trade and investment flows in Mexico—duty drawback and other duty waivers—are eliminated.

The rules of origin for most textiles and apparel require NAFTA content from the yarn stage forward. In most cases, this results in approximately 80

percent NAFTA content for these items.

Duty drawback: The practice of duty drawback permits processors to forego payment of duty on imported components that are incorporated into products for export. The sharp reduction in allowable duty drawback under NAFTA eliminates the incentive for Asian and European countries to establish export platforms in Mexico or Canada and to sell their production in the United States. Imports of non-NAFTA textile components are subject to the full U.S./- Canadian/Mexican duty when the final good enters a NAFTA market.

Equal terms throughout the NAFTA market: Manufacturers pay the same tariffs on imported components regardless of the ultimate NAFTA market for the goods. U.S. manufacturers selling to Mexico or Canada under nonpreferential tariffs compete on an equal footing with Asian and European Community (EC) manufacturers. A margin of preference for NAFTA-origin components and raw materials will be established as a result of a duty elimination among the parties.

NAFTA rules of origin for agriculture: In general, rules of origin are much stronger than in the U.S.-Canada Free Trade Agreement.

Dairy: No non-NAFTA milk or milk products may be used to make milk, cream, cheese, yogurt, ice cream, or milk-based drinks. For products containing some dairy but consisting of primarily other ingredients, e.g., infant formula and certain animal feeds, a small amount of non-NAFTA milk content is permitted.

Citrus: All single-strength citrus juices (fresh, frozen, concentrated, reconstituted, and fortified) must be made from 100-percent NAFTA fresh citrus fruit. Reconstituting concentrated juices or fortifying juices does not confer origin.

For fruit juice cocktails, including juice mixtures, no NAFTA content is required.

Coffee: Roasting or decaffeinating, grinding, or packaging coffee does not confer origin. The rule of origin for coffee is a "bean-forward" rule. Coffee beans must be grown in NAFTA territory (93 percent or more) to qualify for preference.

For unflavored instant coffees, 40 percent by weight of coffee must be NAFTA in origin. This is a change from CFTA, which does not require coffee beans to originate. For flavored instant coffees, 100 percent of the coffee may be non-NAFTA in origin.

Oilseeds/vegetable oils: Refining crude vegetable oils does not confer origin, with the exception of certain industrial fatty acids and acid oils. Margarine and hydrogenated oils must be made from NAFTA crude oil to

receive NAFTA duty preference.

Canned meats and fish: Canning fresh meats and fish confers origin. All processing of fresh meats that results in a chapter change confers origin. Processing of hams, bacon, and other swine products of Chapter 2 that results in no chapter change does not confer origin.

Sugar: Refining sugar does not confer origin. Making sugar confectionery from imported sugar does confer origin.

Cocoa: One hundred percent non-NAFTA cocoa beans, paste, butter, and unsweetened powder may be used to make bulk chocolate and chocolate candy for retail sale. For unsweetened cocoa powder, 65 percent of the cocoa and 65 percent of the sugar must be NAFTA in origin.

Peanut products: For trade with Canada, the CFTA rule remains in place. This rule confers NAFTA origin on peanut butter made from imported peanuts. For trade with Mexico, only NAFTA-grown peanuts may be used to make peanut butter exported with NAFTA preference.

Tobacco: Imported Oriental and filler tobaccos may account for up to 9 percent of the value of U.S. cigarettes exported to Mexico and Canada under NAFTA preference. For cigars, up to 9 percent by value of the tobacco may be imported, and 100 percent of the wrapper leaf may be imported.

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FACT SHEET Aug. 21, 1992

THE NORTH AMERICAN FREE TRADE AGREEMENT: 1992 IMPACT ON THE ENVIRONMENT

The United States, Canada, and Mexico have concluded negotiations on the North American Free Trade Agreement (NAFTA), which will eliminate most trade and investment barriers among the three countries. Importantly, the NAFTA also will enhance environmental protection in Mexico and throughout North America in a number of ways.

An environmentally sensitive text: The NAFTA text explicitly endorses the principle that economic development within North America should take place in an environmentally sound manner. It states that the three governments will resolve to "promote sustainable development; strengthen the development and enforcement of environmental laws and regulations;

...[and] contribute to the harmonious development and expansion of world trade...in a manner consistent with environmental protection and conservation."

Maintains the integrity of U.S. standards: Under NAFTA, the United States is allowed to maintain its own stringent standards regarding health, safety, and the environment. It has the right to prohibit imports that do not meet U.S. standards. The NAFTA also allows states and local governments to enact tougher standards without fear, so long as these standards are scientifically defensible and meet the other obligations of the agreement. The United States will take great care to make sure that chemicals legal in Mexico but illegal in the United States will not show up in imports.

NAFTA preserves the right of the United States to enforce its international treaty obligations by limiting trade in products such as endangered species or ozone-depleting substances. It also permits the imposition of stringent environmental standards on investments so long as these standards apply equally to domestic and foreign investors. It prohibits the lowering of standards to attract investment.

Encourages environmental protection: NAFTA encourages the gradual improvement of environmental standards among all three North American neighbors. Further, by generating greater economic growth and development in Mexico, NAFTA will make available new resources for environmental protection. Studies show that as a country's economic growth increases, so does its pollution abatement efforts.

Commitment to border cleanup: Included in NAFTA is an "Integrated Environmental Plan for the U.S.-Mexico Border," which commits both countries to a cleanup of the border area's air and water resources. Mexico has committed $460 million over three years for border environmental initiatives. The U.S. budget for fiscal year 1993 includes $241 million, double the amount in 1992, for the border project.

Long-term cooperation: To enhance environmental protection and conservation, the U.S. and Mexican governments are pursuing under NAFTA a series of longterm cooperative programs covering pollution control and prevention, pesticides, waste management, and emergency response, among other things. This work is expected to result in the establishment of new mechanisms for environmental cooperation, including enforcement.

Some other aspects of the NAFTA agreement which will enhance environmental quality include:

- Agreements in transportation that will increase safety in land transportation and decrease border congestion;
- Greater market access for products whose trade will have a positive

environmental impact, such as natural gas and environmental service firms; and

- Provisioss allowing dispute settlement panels to call on scientific experts for advice on inter-governmental disputes on environmental issues.

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FACT SHEET Aug. 21, 1992

THE NORTH AMERICAN FREE TRADE AGREEMENT: PROTECTING U.S. ANIMAL/PLANT HEALTH

The North American Free Trade Agreement (NAFTA) establishes a framework through which the United States will work with Canada and Mexico to create a free-trade environment. Protecting the health of U.S. agriculture continues to be of prime importance to the United States. This priority will not change. Agricultural officials will use the best scientific evidence available to ensure that the health of U.S. agriculture is protected.

Protecting U.S. agriculture: NAFTA explicitly recognizes each country's right to determine the level of protection necessary to ensure continued agricultural health. Such flexibility permits each country to set more stringent standards as long as they are scientifically based. At the same time, the agreement encourages trading partners to adopt international and regional standards.

NAFTA specifically provides that the trading partners establish regulatory requirements that relate to the agricultural health status of a particular area—whether an entire country or a part—from which a product originated or to which it is destined. If Mexico or Canada claims that an area is free of, or has a low incidence of, a particular agricultural health threat, it must provide scientific evidence supporting that claim and allow U.S. officials access for inspection, testing, or confirmation purposes.

Under NAFTA, the agricultural health measures of the trading partners should become more uniform. However, in accordance with provisions of NAFTA, the United States will not consider modifying current border inspection procedures unless the United States believes it is appropriate and the trading partner in question has demonstrated that adequate inspection

systems and certification and testing requirements are in place to protect U.S. agricultural health.

Resolution of current issues with Mexico: The U.S. Department of Agriculture's Animal and Plant Health Inspection Service has been pursuing bilateral discussions with Mexico to resolve trade issues related to specific commodities. These discussions are carried out by working groups composed of technical experts, who are the most qualified persons to determine the scientific appropriateness of animal and plant health requirements. All three countries agree that consultations remain the best avenue for resolving trade disputes. However, countries also will be able to use the dispute settlement mechanism to challenge non-science based measures being used as unfair trade barriers. In the spirit of NAFTA, APHIS remains committed to ensuring that trade requirements protect agricultural health without unnecessarily restricting trade.

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FACT SHEET Aug. 21, 1992

THE NORTH AMERICAN FREE TRADE AGREEMENT: APPROVAL/IMPLEMENTATION TIMETABLE:

The timing of Congressional consideration of the North American Free Trade Agreement (NAFTA) is governed by "fast-track" procedures, which Congress extended last year for agreements signed before June 1, 1992. Under those procedures:

- Once an agreement is initialed, the president may give formal notice to Congress of the intent to enter into the agreement.
- Ninety calendar days after giving such notice, the President may sign the agreement.
- The president may submit implementing legislation to Congress any time after signing the agreement, normally after working with Congress on the details of the legislation.
- Once the legislation is submitted, it will be entitled to "fast-track" treatment, meaning that Congress will vote "yes" or "no" on the agreement (no amendments) and will do so within 90 session days of Congress. In practice, passage has taken considerably less time because

Congress and the Administration have collaborated on the drafting of implementing legislation.

It is possible for the president to sign NAFTA this year. Given the Congressional calendar, it is not anticipated that implementing legislation will be voted on until next year.

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FACT SHEET Aug. 21, 1992

THE NORTH AMERICAN FREE TRADE AGREEMENT: DISPUTE SETTLEMENT PROCEDURES

Disputes among North American Free Trade Agreement (NAFTA) governments over violations of the agreement will be settled quickly, fairly, and effectively. For example:

Resolution of a dispute from start (consultations) to finish (final panel report) will take only eight months.

Arbitration panels will be evenly balanced, with each side of the dispute having an equal opportunity to select panelists.

If the complaining party wins and cannot get the other side to change its practices, it can demand compensation.

In the absence of acceptable compensation, the complaining party can retaliate in any sector covered by NAFTA.

Selection of panelists: All sides of the dispute must agree on the panelists. Each country appoints panelists only from among citizens of the other parties to help ensure objectivity and avoid national bias. Individuals from non-NAFTA countries can be appointed to chair panels.

Special provisions for disputes on environmental and health issues: Panels may establish review boards of experts for advice on difficult environmental and other scientific issues. If one country complains about another's environmental or health standards, the complaining party has the burden of proving that the standard is a violation of NAFTA.

Fast, effective settlement in private commercial disputes: NAFTA will encourage and facilitate arbitration of commercial disputes between private parties. Each country must have in place legal mechanisms to enforce arbitration contracts and awards. For certain other products, such as cotton

and manmade fiber knit fabrics, NAFTA content from the fiber stage (e.g., cotton or polyester) forward is required.

NAFTA also provides flexibility for buying from non-NAFTA countries where product is not available. Procedures for consultation will enable parties to adapt to changing demands and production patterns.

Strict enforcement of rules of origin: Customs auditors will be able to visit production facilities in other NAFTA countries to ensure that tariff benefits only go to qualifying goods in compliance with the rules of origin. U.S. exporters have the same rights as Mexican nationals to appeal unfavorable customs decisions before Mexican agencies and courts.

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